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# A BILL FOR AN ACT

RELATING TO TAXATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. Section 46-16.8, Hawaii Revised Statutes, is  
2 amended by amending subsections (a) and (b) to read as follows:

3       "(a) Each county may establish a surcharge on state tax at  
4 the rates enumerated in sections 237-8.6 and 238-2.6. A county  
5 electing to establish this surcharge shall do so by ordinance;  
6 provided that:

7       (1) No ordinance shall be adopted until the county has  
8 conducted a public hearing on the proposed ordinance;

9       (2) The ordinance shall be adopted prior to December 31,  
10       [2005; and

11       ~~(3) No county surcharge on state tax that may be~~  
12       ~~authorized under this section shall be levied prior to~~  
13       ~~January 1, 2007.] 2015; and~~

14       (3) No county that has adopted an ordinance to establish a  
15       county surcharge on state tax prior to December 31,  
16       2005, shall be authorized to adopt any other surcharge  
17       pursuant to this section.



1 Notice of the public hearing required under paragraph (1) shall  
2 be published in a newspaper of general circulation within the  
3 county at least twice within a period of thirty days immediately  
4 preceding the date of the hearing.

5 (b) A county electing to exercise the authority granted  
6 under this section shall notify the director of taxation within  
7 ten days after the county has adopted a surcharge on state tax  
8 ordinance, and ~~[, beginning no earlier than January 1, 2007,]~~ the  
9 director of taxation shall levy, assess, collect, and otherwise  
10 administer the county surcharge on state tax~~[-]~~; provided that  
11 for any ordinance that is adopted after July 1, 2015, pursuant  
12 to this section, the director of taxation shall not levy,  
13 assess, collect, or otherwise administer the county surcharge on  
14 state tax earlier than January 1 of the year immediately  
15 succeeding the adoption of the authorizing ordinance."

16 SECTION 2. Act 247, Session Laws of Hawaii 2005, is  
17 amended as follows:

18 1. By adding a new section to read:

19 "SECTION 7A. (a) The legislature may extend the repeal  
20 dates beyond the dates specified in section 9(2)(A) and (3)(A)  
21 of this Act through concurrent resolution; provided that:



1       (1) For a county surcharge on state tax adopted prior to  
2       December 31, 2005:

3       (A) The purpose of the concurrent resolution shall be  
4       to provide the transit agency with sufficient  
5       time and access to financial resources to  
6       complete an additional transit route for the  
7       locally preferred alternative for a mass transit  
8       project, as provided in subsection (b);

9       (B) Each extension of the county surcharge on state  
10       tax beyond December 31, 2027, to complete an  
11       additional transit route for the locally  
12       preferred alternative for a mass transit project,  
13       as provided in subsection (b), shall be for no  
14       longer than ten years; and

15       (C) Only one extension of the county surcharge on  
16       state tax shall be allowed for each additional  
17       transit route for the locally preferred  
18       alternative for a mass transit project, as  
19       provided in subsection (b);

20       (2) For a county surcharge on state tax adopted after July  
21       1, 2015, but prior to December 31, 2015, the



1 legislature may extend the county surcharge on state  
2 tax no more than twice; provided further that each  
3 extension shall be for no longer than ten years; and

4 (3) Any extension of a county surcharge on state tax  
5 provided under this section shall run consecutively to  
6 all other extensions of that county surcharge on state  
7 tax.

8 (b) With regard to a county surcharge on state tax adopted  
9 prior to December 31, 2005, the legislature may adopt one  
10 concurrent resolution pursuant to subsection (a) for each of the  
11 following additional transit routes for the locally preferred  
12 alternative for a mass transit project:

13 (1) An additional transit route to the University of  
14 Hawaii at Manoa; and

15 (2) An additional transit route to West Kapolei.

16 (c) With regard to a county surcharge on state tax adopted  
17 prior to December 31, 2005, prior to introduction and  
18 consideration of a concurrent resolution pursuant to subsection  
19 (a), the transit agency shall provide the legislature with proof  
20 that it has complied with the following:



- 1        (1) The transit agency shall obtain all necessary state  
2        and federal environmental clearances for the  
3        applicable additional transit route for the locally  
4        preferred alternative for a mass transit project;  
5        (2) The transit agency shall have an updated financial  
6        plan reviewed and approved by the appropriate county  
7        council;  
8        (3) The transit agency shall have an updated preliminary  
9        engineering costs estimate reviewed and approved by  
10       the appropriate county council;  
11       (4) The auditor shall have completed a financial and  
12       management audit of the transit agency; and  
13       (5) Any other requirement that the legislature, by law,  
14       deems appropriate.  
15       (d) With regard to a county surcharge on state tax adopted  
16       after July 1, 2015, but prior to December 31, 2015, prior to  
17       introduction and consideration of a concurrent resolution  
18       pursuant to subsection (a), the appropriate county council shall  
19       adopt a resolution requesting that the legislature extend the  
20       repeal date in section 9(3)(A). The resolution shall include



1 information and a financial plan on how the surcharge revenues  
2 will be used over the subsequent extension period.

3 (e) For the purposes of this section, "transit agency"  
4 means the agency constructing the locally preferred alternative  
5 for a mass transit project, the capital costs of which are  
6 funded by the county surcharge on state tax."

7 2. By amending section 9 to read:

8 "SECTION 9. This Act shall take effect upon its approval;  
9 provided that:

10 (1) ~~[If none of the counties of the State adopt an~~  
11 ~~ordinance to levy a county surcharge on state tax by~~  
12 ~~December 31, 2005, this Act shall be repealed and~~  
13 ~~section 437D-8.4, Hawaii Revised Statutes, shall be~~  
14 ~~reenacted in the form in which it read on the day~~  
15 ~~prior to the effective date of this Act;~~

16 ~~(2)]~~ If any county does not adopt an ordinance to levy a  
17 county surcharge on state tax ~~[by]~~ prior to December  
18 31, ~~[2005,]~~ 2015, it shall be prohibited from adopting  
19 such an ordinance pursuant to this Act, unless  
20 otherwise authorized by the legislature through a  
21 separate legislative act;



1       ~~[(3)]~~ (2) If an ordinance to levy a county surcharge on  
2       state tax is adopted ~~[by]~~ prior to December 31, 2005 ~~[+~~  
3       ~~(A)~~ ~~The]~~, the ordinance shall be repealed on  
4       [December 31, 2022,  
5       ~~(B)~~ ~~This Act shall be repealed on December 31, 2022,~~  
6       ~~and~~  
7       ~~(C)~~ ~~Section 437D 8.4, Hawaii Revised Statutes, shall~~  
8       ~~be reenacted in the form in which it read on the~~  
9       ~~day prior to the effective date of this Act.]~~  
10       the later of:  
11       (A) December 31, 2027; or  
12       (B) If the surcharge has been extended beyond  
13       December 31, 2027, pursuant to a concurrent  
14       resolution adopted in accordance with section 7A,  
15       then the date to which the county surcharge on  
16       state tax was extended by the latest concurrent  
17       resolution adopted pursuant to section 7A, but in  
18       no case later than December 31, 2047;  
19       (3) If an ordinance to levy a county surcharge on state  
20       tax is adopted after July 1, 2015, but prior to



1 December 31, 2015, the ordinance shall be repealed on  
2 the later of:

3 (A) December 31, 2027; or

4 (B) If the surcharge has been extended beyond  
5 December 31, 2027, pursuant to a concurrent  
6 resolution adopted in accordance with section 7A,  
7 then the date to which the county surcharge on  
8 state tax was extended by the latest concurrent  
9 resolution adopted pursuant to section 7A, but in  
10 no case later than December 31, 2047; and

11 (4) This Act shall be repealed on the earlier of:

12 (A) December 31, 2047; or

13 (B) The date upon which all ordinances to levy a  
14 county surcharge on state tax have been repealed  
15 pursuant to paragraphs (2) and (3); and

16 section 437D-8.4, Hawaii Revised Statutes, shall be  
17 reenacted in the form in which it read on the day  
18 prior to the effective date of this Act; provided that  
19 the amendments made to section 437D-8.4, Hawaii  
20 Revised Statutes, by Act 226, Session Laws of Hawaii





1           2008, and Act 110, Session Laws of Hawaii 2014, shall  
2           not be repealed."

3           SECTION 3. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5           SECTION 4. This Act shall take effect on July 1, 2015.



**Report Title:**

County Surcharge on State Tax

**Description:**

Extends the deadline for counties to adopt a county surcharge on state tax to 12/31/2015. Extends the county surcharge on state tax to 12/31/2027. Authorizes the legislature to extend the county surcharge on state tax beyond 12/31/2027, by concurrent resolution, up to two times for 10-year periods each, to no later than 12/31/2047. Specifies requirements that must be completed before the legislature may consider introduction of a concurrent resolution to extend the county surcharge on state tax. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

